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HOUSE BILL 1211

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State of Washington                      54th Legislature                      1995 Regular Session

By Representatives Dyer, Sehlin, B. Thomas, Backlund and Huff

Read first time 01/17/95. Referred to Committee on Appropriations.

1            AN ACT Relating to creation of an efficiency reserve fund;  
2 reenacting and amending RCW 43.84.092; adding a new section to chapter  
3 43.88 RCW; and repealing RCW 43.88.140.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5            NEW SECTION.    **Sec. 1.** A new section is added to chapter 43.88 RCW  
6 to read as follows:

7            (1) The efficiency reserve fund is created in the custody of the  
8 state treasurer. The treasurer shall establish and maintain separate  
9 accounts for each agency of state government. All funds that are  
10 appropriated to each agency that are not expended or lawfully obligated  
11 by the end of each fiscal year shall be transferred into the efficiency  
12 reserve fund account for that agency.

13            (2) The amount in the agency account may not exceed fifteen percent  
14 of the total appropriation for the agency for the fiscal biennium on a  
15 current basis. Amounts in excess are transferred to the state general  
16 fund.

17            (3) The agency may not spend more than fifty percent of its  
18 reserves in any one fiscal year. The agency may use its reserve funds  
19 to pay for materials or short-term, one-time service or maintenance

1 contracts. The agency may not use its reserve funds for salaries,  
2 capital expenditures, or any ongoing debt.

3 **Sec. 2.** RCW 43.84.092 and 1994 c 2 s 6 (Initiative Measure No.  
4 601), 1993 sp.s. c 25 s 511, 1993 sp.s. c 8 s 1, 1993 c 500 s 6, 1993  
5 c 492 s 473, 1993 c 445 s 4, 1993 c 329 s 2, and 1993 c 4 s 9 are each  
6 reenacted and amended to read as follows:

7 (1) All earnings of investments of surplus balances in the state  
8 treasury shall be deposited to the treasury income account, which  
9 account is hereby established in the state treasury.

10 (2) The treasury income account shall be utilized to pay or receive  
11 funds associated with federal programs as required by the federal cash  
12 management improvement act of 1990. The treasury income account is  
13 subject in all respects to chapter 43.88 RCW, but no appropriation is  
14 required for refunds or allocations of interest earnings required by  
15 the cash management improvement act. Refunds of interest to the  
16 federal treasury required under the cash management improvement act  
17 fall under RCW 43.88.180 and shall not require appropriation. The  
18 office of financial management shall determine the amounts due to or  
19 from the federal government pursuant to the cash management improvement  
20 act. The office of financial management may direct transfers of funds  
21 between accounts as deemed necessary to implement the provisions of the  
22 cash management improvement act, and this subsection. Refunds or  
23 allocations shall occur prior to the distributions of earnings set  
24 forth in subsection (4) of this section.

25 (3) Except for the provisions of RCW 43.84.160, the treasury income  
26 account may be utilized for the payment of purchased banking services  
27 on behalf of treasury funds including, but not limited to, depository,  
28 safekeeping, and disbursement functions for the state treasury and  
29 affected state agencies. The treasury income account is subject in all  
30 respects to chapter 43.88 RCW, but no appropriation is required for  
31 payments to financial institutions. Payments shall occur prior to  
32 distribution of earnings set forth in subsection (4) of this section.

33 (4) Monthly, the state treasurer shall distribute the earnings  
34 credited to the treasury income account. The state treasurer shall  
35 credit the general fund with all the earnings credited to the treasury  
36 income account except:

37 (a) The following accounts and funds shall receive their  
38 proportionate share of earnings based upon each account's and fund's

1 average daily balance for the period: The capitol building  
2 construction account, the Cedar River channel construction and  
3 operation account, the Central Washington University capital projects  
4 account, the charitable, educational, penal and reformatory  
5 institutions account, the common school construction fund, the county  
6 criminal justice assistance account, the county sales and use tax  
7 equalization account, the data processing building construction  
8 account, the deferred compensation administrative account, the deferred  
9 compensation principal account, the department of retirement systems  
10 expense account, the Eastern Washington University capital projects  
11 account, the education construction fund, the efficiency reserve  
12 account, the emergency reserve fund, the federal forest revolving  
13 account, the health services account, the public health services  
14 account, the health system capacity account, the personal health  
15 services account, the industrial insurance premium refund account, the  
16 judges' retirement account, the judicial retirement administrative  
17 account, the judicial retirement principal account, the local leasehold  
18 excise tax account, the local real estate excise tax account, the local  
19 sales and use tax account, the medical aid account, the municipal  
20 criminal justice assistance account, the municipal sales and use tax  
21 equalization account, the natural resources deposit account, the  
22 perpetual surveillance and maintenance account, the public employees'  
23 retirement system plan I account, the public employees' retirement  
24 system plan II account, the Puyallup tribal settlement account, the  
25 resource management cost account, the site closure account, the special  
26 wildlife account, the state employees' insurance account, the state  
27 employees' insurance reserve account, the state investment board  
28 expense account, the state investment board commingled trust fund  
29 accounts, the supplemental pension account, the teachers' retirement  
30 system plan I account, the teachers' retirement system plan II account,  
31 the tuition recovery trust fund, the University of Washington bond  
32 retirement fund, the University of Washington building account, the  
33 volunteer fire fighters' relief and pension principal account, the  
34 volunteer fire fighters' relief and pension administrative account, the  
35 Washington judicial retirement system account, the Washington law  
36 enforcement officers' and fire fighters' system plan I retirement  
37 account, the Washington law enforcement officers' and fire fighters'  
38 system plan II retirement account, the Washington state patrol  
39 retirement account, the Washington State University building account,

1 the Washington State University bond retirement fund, the water  
2 pollution control revolving fund, and the Western Washington University  
3 capital projects account. Earnings derived from investing balances of  
4 the agricultural permanent fund, the normal school permanent fund, the  
5 permanent common school fund, the scientific permanent fund, and the  
6 state university permanent fund shall be allocated to their respective  
7 beneficiary accounts. All earnings to be distributed under this  
8 subsection (4)(a) shall first be reduced by the allocation to the state  
9 treasurer's service fund pursuant to RCW 43.08.190.

10 (b) The following accounts and funds shall receive eighty percent  
11 of their proportionate share of earnings based upon each account's or  
12 fund's average daily balance for the period: The (~~marine operating~~  
13 ~~fund, the~~) motor vehicle fund((~~7~~)) and the transportation fund.

14 (5) In conformance with Article II, section 37 of the state  
15 Constitution, no treasury accounts or funds shall be allocated earnings  
16 without the specific affirmative directive of this section.

17 NEW SECTION. **Sec. 3.** RCW 43.88.140 and 1981 c 270 s 9 & 1965 c 8  
18 s 43.88.140 are each repealed.

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